

UNITED STATES DISTRICT COURT

DISTRICT OF OREGON

EUGENE DIVISION

FILED 17 FEB '16 16:42 USDC-ORE

UNITED STATES OF AMERICA

Case No. 6:16-CR-~~00078-MC~~

v.

INDICTMENT

SCOTT RAYMOND BEARD,
KRISTA JEAN MUDRICK

**Counts 1 & 2: Theft Concerning
Program Receiving Federal Funds**
18 U.S.C. § 666(a)(1)(A)

Defendants.

Counts 3 & 4 Money Laundering
18 U.S.C. §§ 1956(a)(1)(B)(i) and 2

Count 5: Passport Fraud
18 U.S.C. § 1542

Count 6: False Statement
18 U.S.C. § 1001

Forfeiture Allegations
28 U.S.C. § 2461(c)
18 U.S.C. § 981(a)(1)(C)
18 U.S.C. § 982(a)(1)

THE GRAND JURY CHARGES:

Introduction and Overview

1) Deschutes County is a government agency in the State of Oregon. In both 2014 and 2015 Deschutes County received more than \$10,000 in federal benefits and assistance.

2) The Deschutes County Sheriff's Office, known hereinafter as "DCSO," is a law enforcement agency within Deschutes County, Oregon.

3) The Central Oregon Drug Enforcement Task Force, known hereinafter as "CODE," is a multi-agency drug enforcement task force which investigates illegal drug trafficking in Central Oregon. One of its participating agencies is the DCSO. CODE is funded by multiple sources, including federal funds which originate from the U.S. Department of Health and Human Services, Office of National Drug Control.

4) Deschutes County is the fiduciary for CODE, responsible for managing the budgeting process and providing funds to law enforcement for illegal drug trafficking investigations. Defendant SCOTT RAYMOND BEARD is a Captain for the DCSO, in charge of the Detectives Division. His official responsibilities include approving funding requests by CODE and DCSO for undercover drug purchases and expenses related to witnesses.

5) When CODE or DCSO detectives need cash for covert drug purchases, or to pay witness expenses, they contact defendant BEARD. Defendant BEARD then reviews and approves paperwork requesting that funds from the Deschutes County Finance Department be provided to CODE or DCSO. Based on those requests, the Deschutes County Finance Department issues checks made payable to defendant BEARD. Defendant BEARD cashes the checks and is responsible for delivering the cash to CODE or DCSO.

6) When CODE or DCSO officers seize cash or other items of value they are secured in an evidence room at the DCSO. Defendant BEARD's responsibilities include ensuring seized funds are transferred to the Deschutes County Finance

Department, to be deposited into a segregated bank account until particular cases are completed and seized funds are ordered forfeited or returned.

7) Defendant KRISTA JEAN MUDRICK was an employee of the DCSO from February 2011 until March 2013. Defendant BEARD was one of defendant MUDRICK's supervisors. Beginning at a date unknown to the grand jury, but at least by October 2013, the two commenced a sexual relationship which continued until at least September 2015.

The Scheme to Embezzle and Steal Public Funds

8) Beginning at a date unknown to the grand jury but at least by January 2014, defendant BEARD devised a scheme to embezzle, steal, and obtain by fraud, money from Deschutes County to pay for personal items, to include Krista Jean Mudrick's expenses for: monthly rent; household expenses; international and domestic vacations; a Harley Davidson motorcycle; concert tickets; gym membership and tanning fees; and cosmetic surgeries.

9) One manner in which defendant BEARD accomplished his scheme was to embezzle, steal, and obtain by fraud funds intended to be used by CODE or DCSO for undercover drug purchases and witness expenses. Defendant BEARD did so by causing inflated or fictitious funding requests to be sent to the Deschutes County Finance Department on behalf of CODE and DCSO. Relying on these false representations, the Deschutes County Finance Department issued checks payable to defendant BEARD, which he cashed. Instead of providing the cash to CODE or DCSO, as he was required to do, defendant BEARD kept all of the funds, or a

substantial amount of the funds, for his own personal use. Defendant BEARD also forged and fabricated documentation making it appear as though funds that he stole had been provided to law enforcement or used to pay witness expenses. Thefts involving defendant BEARD's fraudulent funding requests to the Deschutes County Finance Department occurred from January 2014 through September 2015 and totaled approximately \$136,000.

10) Another manner in which defendant BEARD accomplished his scheme was to embezzle, steal, and obtain by fraud money which had been seized by CODE and DCSO officers during drug enforcement operations. Instead of delivering seized cash, coins, and precious metals to the Deschutes County Finance Department, as he was required to do, defendant BEARD stole the funds. Defendant BEARD's thefts of seized currency and precious metals occurred from September 2014 through September 2015 and totaled about \$69,747.

11) During the course of his scheme, defendant BEARD embezzled, stole, and obtained by fraud a total of approximately \$205,747.

COUNT 1
(Theft Concerning Program Receiving Federal Funds)

Paragraphs 1 through 11 are hereby re-alleged and incorporated as though set forth in full herein.

Deschutes County is a government agency that received federal assistance in excess of \$10,000 during the one year period beginning January 1, 2014 and ending December 31, 2014.

Defendant SCOTT RAYMOND BEARD is an agent of Deschutes County in that he is a DCSO employee.

Between January 1, 2014 and December 31, 2014, defendant SCOTT RAYMOND BEARD did knowingly embezzle, steal, and obtain by fraud approximately \$78,900 under the care, custody and control of Deschutes County;

In violation of Title 18, United States Code, Section 666(a)(1)(A).

COUNT 2
(Theft Concerning Program Receiving Federal Funds)

Paragraphs 1 through 11 are hereby re-alleged and incorporated as though set forth in full herein.

Deschutes County is a government agency that received federal assistance in excess of \$10,000 during the one year period beginning January 1, 2015 and ending December 31, 2015.

Defendant SCOTT RAYMOND BEARD is an agent of Deschutes County in that he is a DCSO employee.

From January 2015 through September, 2015, defendant SCOTT RAYMOND BEARD did knowingly embezzle, steal, and obtain by fraud approximately \$126,847 under the care, custody and control of Deschutes County;

In violation of Title 18, United State Code, Section 666(a)(1)(A).

COUNT 3
(Money Laundering)

Paragraphs 1 through 11 are hereby re-alleged and incorporated as though set forth in full herein.

On or about April 24, 2015, in the District of Oregon, defendant SCOTT RAYMOND BEARD, did knowingly conduct and attempt to conduct a financial transaction affecting interstate and foreign commerce, to wit, he purchased a 2009 Harley Davidson motorcycle for \$6,700 in cash, which involved the proceeds of a specified unlawful activity, i.e., theft concerning a program receiving federal funds as described in Counts 1 and 2, knowing that the transaction was designed in whole and in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity and that while conducting and attempting to conduct such financial transaction knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity.

In violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

COUNT 4
(Money Laundering)

Paragraphs 1 through 11 are hereby re-alleged and incorporated as though set forth in full herein.

In late July and early August 2015, in the District of Oregon, defendant SCOTT RAYMOND BEARD did knowingly conduct and attempt to conduct a financial transaction affecting interstate and foreign commerce, to wit, he deposited or caused to be deposited \$14,650 in cash into an account in the name of Krista Mudrick, to pay for her bilateral breast augmentation, mastopexy, and abdominoplasty procedures, which involved the proceeds of a specified unlawful

activity, i.e., theft concerning a program receiving federal funds as described in Counts 1 and 2, knowing that the transactions were designed in whole and in part to conceal and disguise, the nature, location, source, ownership, and control of the proceeds of said specified unlawful activity and that while conducting and attempting to conduct such financial transactions knew that the property involved in the financial transactions represented the proceeds of some form of unlawful activity.

In violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i) and 2.

COUNT 5
(Passport Fraud)

On or about September 23, 2014, in the District of Oregon and elsewhere, defendant SCOTT RAYMOND BEARD willfully and knowingly made a false statement in an application for a passport with intent to induce and secure for his own use the issuance of a passport under the authority of the United States, contrary to the laws regulating the issuance of such passports and the rules prescribed pursuant to such laws, in that in such application defendant SCOTT RAYMOND BEARD declared under penalty of perjury that he had lost his previously issued United States passport during a move, which statement he knew to be false.

In violation of Title 18, United States Code, Section 1542.

COUNT 6
(False Statement)

On or about October 6, 2015, in the District of Oregon, defendant KRISTA JEAN MUDRICK, did willfully and knowingly make a materially false, fictitious, and fraudulent statement and representation in a matter within the jurisdiction of the executive branch of the Government of the United States, by stating to agents of the Federal Bureau of Investigation and Internal Revenue Service that Scott Beard did not help pay for her Harley Davidson motorcycle, that she paid cash for the motorcycle from money she earned from her business, that other than \$600 Scott Beard had not provided any funds for her, that Scott Beard did not pay airfare and hotel expenses related to a trip they took to Amsterdam and South Africa, and that she had no romantic relationship with Scott Beard.

These statements and representations were materially false because, as defendant KRISTA JEAN MUDRICK then and there knew, Scott Beard paid \$6,700 in cash for her motorcycle, that she did not pay for the motorcycle with funds she earned from her business, that Scott Beard had provided her at least \$100,000 in cash and money orders, including airfare and hotel expenses for a trip to Amsterdam and South Africa, and that she had a sexual relationship with Scott Beard.

In violation of Title 18, United States Code, Section 1001.

FIRST FORFEITURE ALLEGATION

Upon conviction of one or more of the offenses in Counts 1 and 2 of this Indictment, defendant SCOTT RAYMOND BEARD shall forfeit to the United

States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offense, including, but not limited to:

1. MONEY JUDGMENT

A sum of money in United States Currency, representing the amount of proceeds obtained as a result of the offense, in the form of a money judgment.

2. If any of the property described above, as a result of any act or omission of the defendant[s]:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property described above.

SECOND FORFEITURE ALLEGATION

Upon conviction of one or more of the offenses alleged in Counts 3 and 4 of this Indictment, defendant SCOTT RAYMOND BEARD shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(1), all property, real and personal, involved in the money laundering offenses and all property traceable to such property, including but not limited to the following:

1. MONEY JUDGMENT

A sum of money in United States Currency, representing the amount of proceeds obtained as a result of the offense, in the form of a money judgment.

2. MOTORCYCLE

A 2009 Harley Davidson motorcycle.

If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) as incorporated by Title 18, United States Code, Section § 982(b) and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other

property of said defendant(s) up to the value of the forfeitable property described above.

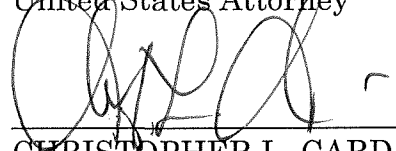
Dated this 12 day of February 2016.

A TRUE BILL

GRAND JURY FOREPERSON

Presented by:

BILLY J. WILLIAMS
United States Attorney



CHRISTOPHER L. CARDANI
Assistant United States Attorney